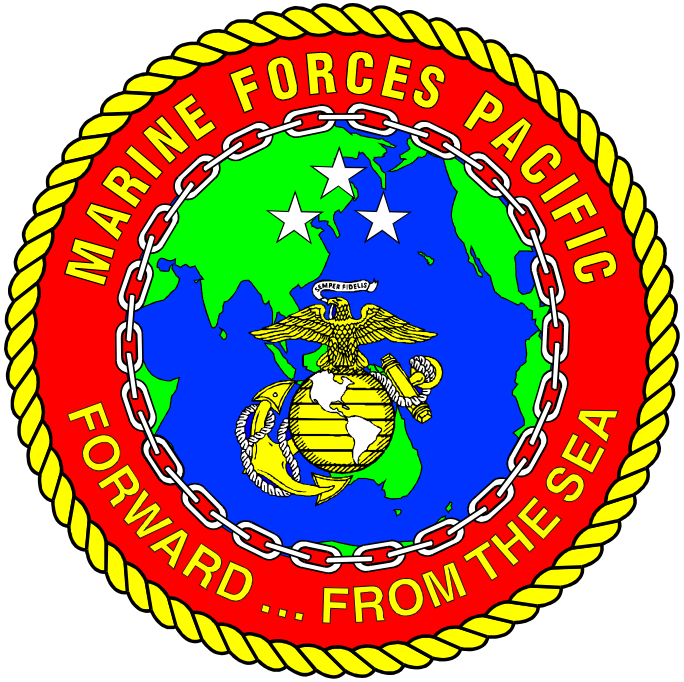


SENIOR FINANCIAL MANAGERS CONFERENCE APRIL 04

AGENDA

- Commander’s Assessment
- Bases and Stations
- Operating Forces
- Aviation
- Business Operations

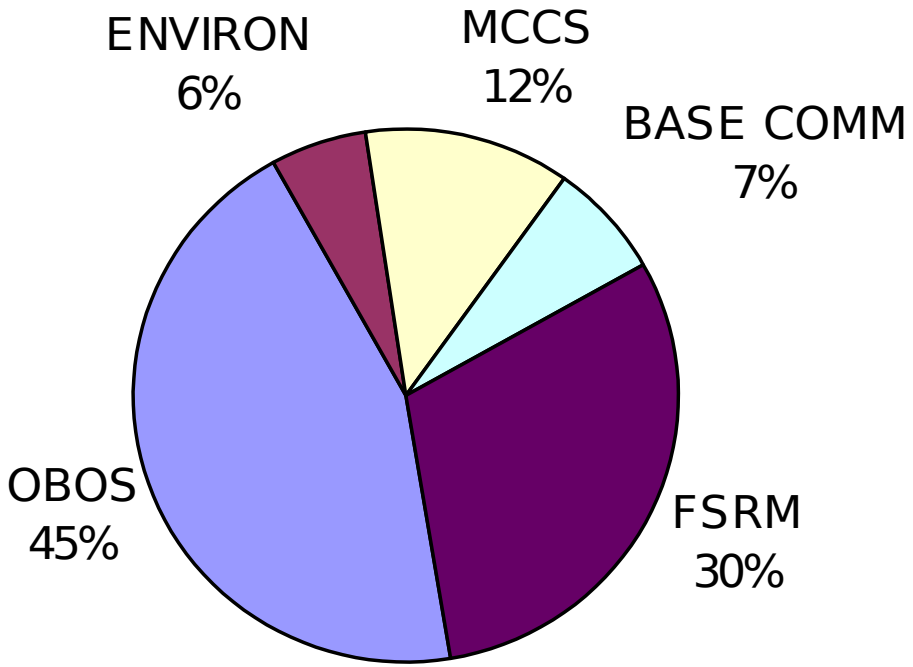
Commander's Assessment

- **BASES AND STATIONS – OUR #1 CONCERN**
- **SUSTAINMENT, RESTORATION, AND MODERNIZATION – PROPERLY FUNDED**
- **OPERATING FORCES – WARFIGHTER'S BASELINE IS ERODING**
- **AVIATION – FLYING HOUR PROGRAM PROPERLY PRICED**

FUNDING PROFILE (Bases and Stations)

	FY03	FY04	FY05	FY06
FSRM (BSM1)	147,864	159,421	158,084	155,262
BASE OPS (BSS1)	362,522	369,078	381,366	394,352
TOTAL	510,386	528,499	539,450	549,614

FY04 FUNDING DISTRIBUTION (Bases and Stations)



BASE OPERATIONS ISSUES

- **ISSUES**
  - **CONGRESSIONAL REDUCTIONS**
    - ANNUAL BILL OF $5M-$7M EATS AWAY AT OUR MEAGER INCREASES FOR INFLATION
  - **UTILITIES**
    - BEGINNING TO PROPERLY CORE PROGRAM
    - IN A NO-GROWTH ENVIRONMENT, FENCING UTILITIES BASELINE MAY IMPACT OTHER
      BASE OPS PROGRAMS
  - **GOJ FUNDING**
    - UNPREDICTABLE REIMBURSEMENTS FOR BURDENSHARING
    - OSD FOREIGN CURRENCY ADJUSTMENTS
    - UNFUNDED REQUIREMENTS TO SUPPORT SACO (Special Action Committee on Okinawa)
  - **MCCS**
    - REQUIREMENTS TO MEET CATEGORY A & B APF/NAF RATIOS LIMIT BSS1 BUYING POWER
  - **NMCI**
    - UNFUNDED INITIATIVE TO SUPPORT SERVER FARM AT MCB CAMP PENDLETON
  - **INTRASTATION MOVES FOR PPV**
    - UNFUNDED ENTITLEMENT PAID BY BASE OPS
  - **NEED $30M PLUS-UP PER YEAR TO FIX**

SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM)

- MFP ON TARGET FOR LOCAL FY04 SUSTAINMENT REQUIREMENT, HOWEVER, CONTINGENCY REQUIREMENTS IMPACT CMP FUNDING THIS FY

- RESTORATION & MODERNIZATION (O&M) SUFFICIENT TO MEET OSD GOAL OF C2 ON AVERAGE BY 2010

- RESTORATION AND MODERNIZATION (MILCON)
  - MFP RECEIVES APPROX $150M/YR IN TOTAL MILCON
  - 55% GOES TO REPLACING EXISTING FACILITIES (R&M)
  - 45% GOES TOWARDS NEW REQUIREMENTS

OPERATING FORCES FUNDING PROFILE

	FY03	FY04	FY05	FY06
O&MMC 1A1A	213,720	198,377	183,931	212,747

- Ground Forces Program suffering erosion of funding due to internal and external reductions
  - FY04 reductions the result of CJCS Exercise cuts, National Defense Authorization Act (NDAA) adjustments, “Reverted” Balances
  - FY05 reductions the result of pricing changes in USTRANSCOM rates and Air Force Special Assignment Airlift Mission (SAAM) rate adjustments in PBD 426
  - Need $20M in FY05 to meet requirements

OPERATING FORCES CONTINGENCY FUNDING

- OEF-OIF costs fully paid via Supplemental and IFF

- Contingency Costs: (FY05 COSTS AS OF 2 APRIL 2004) FY03 FY04

I MEF/III MEF	946.6M	195.8M
MARCENT (Iraq/Kuwait/Bahrain)	83.7M	81.5M
JTF-HOA (Djibouti)	86.8M	59.8M
Reserve Mobilization	22.9M	N/A

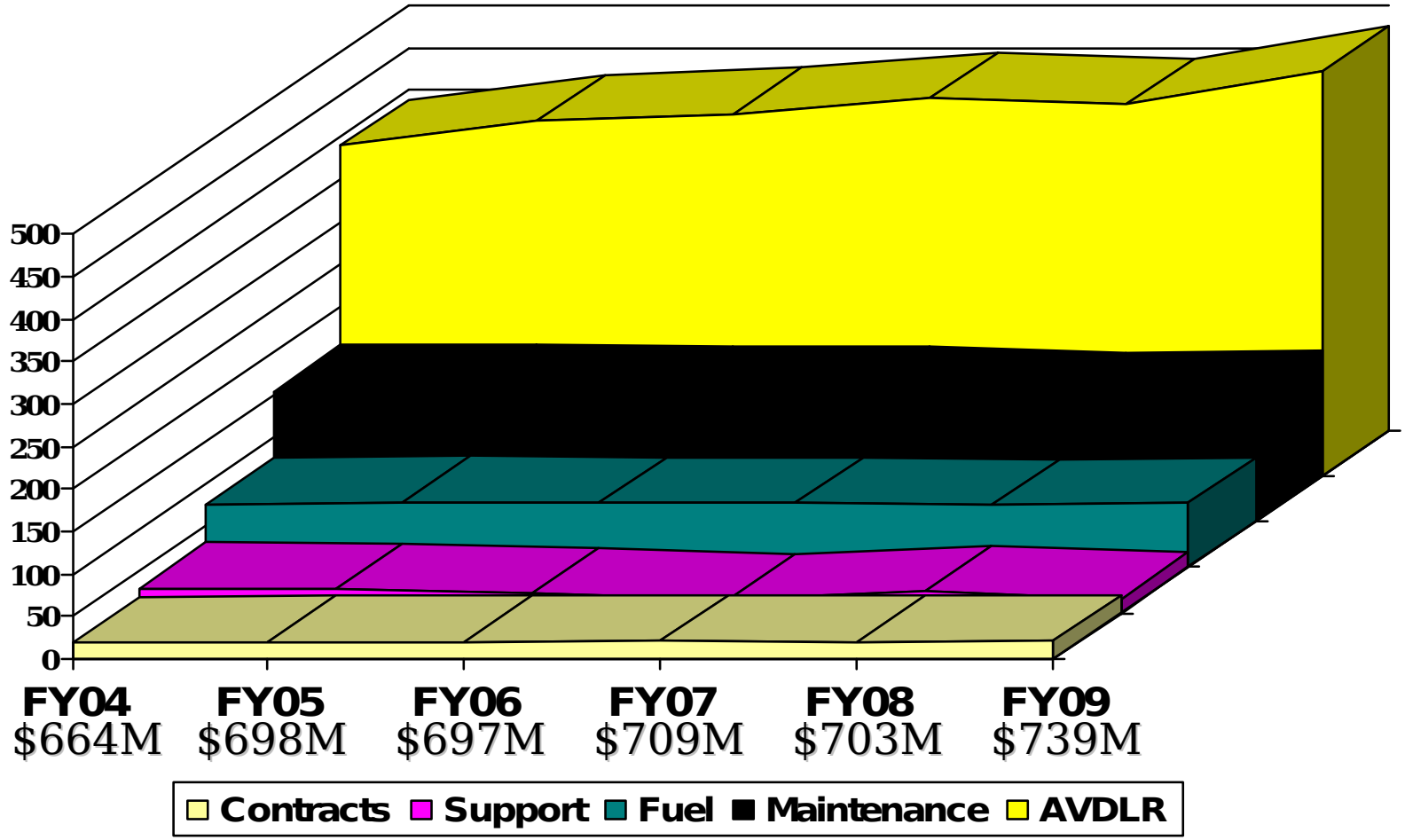
URGENT UNIVERSAL NEEDS STATEMENTS (UNS)

- FY03
  - Over 60 Urgent UNS = Over 35,000 pieces of equipment
  - $106M PMC
  - $1.5M RDT&E
  - $17M O&M,MC
  - $124.5M Total requirement, completely funded by MROC
- FY04
  - 68 Urgent UNS to date = Over 26,000 pieces of equipment
  - $101M PMC funded
  - $22M O&M,MC funded
  - $140.6M Total requirement

Aviation Funding Profile

- FY04 BASELINE OF $664M (INCLUDES FO)
- FY04 CONTINGENCY REQUIREMENT OF $67M
- FY04 OEF/OIF CONTINGENCY COSTS = ESTIMATE $9M ABOVE THE $53M MONTHLY ALLOCATION FOR NORMAL TRAINING AND OPERATIONS IN THE MACP
- FLYING HOUR PROGRAM (FHP) FY04-09 APPEARS PROPERLY PRICED IN THE NAVY'S BUDGET

Aviation Funding Profile



FHP ISSUE

- THE MAJOR FUNDING ISSUE FOR THE MACP IN FY04-05 IS THE UN-BUDGETED CONTINGENCY COSTS ASSOCIATED i.e. (CONTRACTORS, TOT, TOP, TAD, AND INCREASED DEPLOYED OPERATIONS) WITH THE RE-CONSTITUTION OF AIRCRAFT AND SUPPORT EQUIPMENT “POST” OIF II, AND OEF V.

Business Operations

Competitive Sourcing

- Develop A-76 competition schedule (FY05-09)
- Develop PAC/WC regional strategic sourcing approach

Post-MEO Implementation Support

- Assist K-Bay and Pendleton implement MEO; baseline funding and resources
- Provide written guidance for annual certification

Activity Based Resource Management

- Continue integration of cost and performance data for POM-08
- Coordinate performance measures development with HQMC program sponsors and intermediate commands